

## Message Text

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PAGE 01 KINGST 04207 221623Z  
ACTION ARA-14

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-08 FRB-01  
INR-10 NSAE-00 ICA-20 TRSE-00 XMB-04 OPIC-06  
SP-02 LAB-04 SIL-01 OMB-01 H-02 L-03 PA-02  
NSC-05 SS-15 STR-07 CEA-01 /112 W  
-----079085 222343Z /70

R 221502Z MAY 78  
FM AMEMBASSY KINGSTON  
TO SECSTATE WASHDC 1338

UNCLAS KINGSTON 4207

E.O. 11652: N/A  
TAGS: EFIN, JM  
SUBJECT: PRESIDENT OF JAMAICA MANUFACTURERS ASSOCIATION  
SUPPORTS IMF AGREEMENT

1. THE PRESIDENT OF THE JAMAICA MANUFACTURERS ASSOCIATION MR. WINSTON MAHFOOD, CAME OUT IN SUPPORT OF THE GOVERNMENT'S DECISION TO NEGOTIATE A US\$240 MILLION LOAN WITH THE IMF.
2. SPEAKING AT THE MONTHLY MEETING OF THE MANUFACTURERS ASSOCIATION ON MAY 17, MR. MAHFOOD CRITICIZED THE RADICAL LEFT FOR THEIR CONDEMNATION OF THE GOVERNMENT AND FOR PURSEING THEIR POLITICAL OBJECTIVES REGARDLESS OF COST. HE SAID THAT THE IMF COULD NOT BE BLAMED FOR THE PACKAGE AND THAT ANY GOVERNMENT WANTING TO BRING ABOUT THE ECONOMY'S RECOVERY WOULD HAVE TO EMPLOY SIMILAR MEASURES.
3. HOWEVER, HE CRITIZED THE GOVERNMENT FOR FAILING TO INVOLVE THE PRIVATE SECTOR IN ARRIVING AT A NUMBER OF DECISIONS IN THE TAX PACKAGE. HE TOOK SPECIFIC ISSUE WITH THE 10 PERCENT STAMP DUTY THAT APPLIES TO ALL IMPORTS AND RECOMMENDED THAT IT BE REPLACED BY AN EXCISE DUTY ON THE FINISHED PRODUCT. HE ALSO SUGGESTED THAT THIS CONSUMPTION TAX BE APPLIED TO EQUAL MEASURE ON IMPORTS FROM THE CARICOM.

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HE INDICATED THAT THE STAMP DUTY AS PRESENTLY PROPOSED WOULD MAKE JAMAICAN MANUFACTURERS NON-COMPETITIVE IN THE CARICOM MARKET.

4. COMMENT: GIVEN THE WIDESPREAD CRITICISM OF THE IMF-GOJ AGREEMENT, MR. MAHFOOD'S SUPPORT PROVIDES WELCOME RELIEF. HOWEVER, IT IS SIGNIFICANT THAT EVEN HE OPPOSES SOME OF THE TAX

MEASURES, PARTICULARLY THOSE THAT AFFECT THE PRICE OF EXPORTS.  
WE UNDERSTAND THAT IMPLEMENTATION OF SOME OF THE MOST CONTRO-  
VERSIAL TAX MEASURES MAY BE DELAYED PENDING FURTHER STUDY.  
HAVERKAMP

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 jan 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** TRADE ORGANIZATIONS, FINANCIAL AGREEMENTS, LOAN AGREEMENTS  
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**Copy:** SINGLE  
**Draft Date:** 22 may 1978  
**Decaption Date:** 01 jan 1960  
**Decaption Note:**  
**Disposition Action:** n/a  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:**  
**Disposition Date:** 01 jan 1960  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
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**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
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**TAGS:** EFIN, JM, IMF, JAMAICA MANUFACTURERS ASSOCIATION, (MAHFOOD, WINSTON)  
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**Review Markings:**  
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